

REPUBLIC OF GHANA

# PUBLIC PRIVATE PARTNERSHIP (PPP) EXPERIENCE AND VISION FOR GHANA'S TRANSPORT SECTOR

*PRESENTED BY:*

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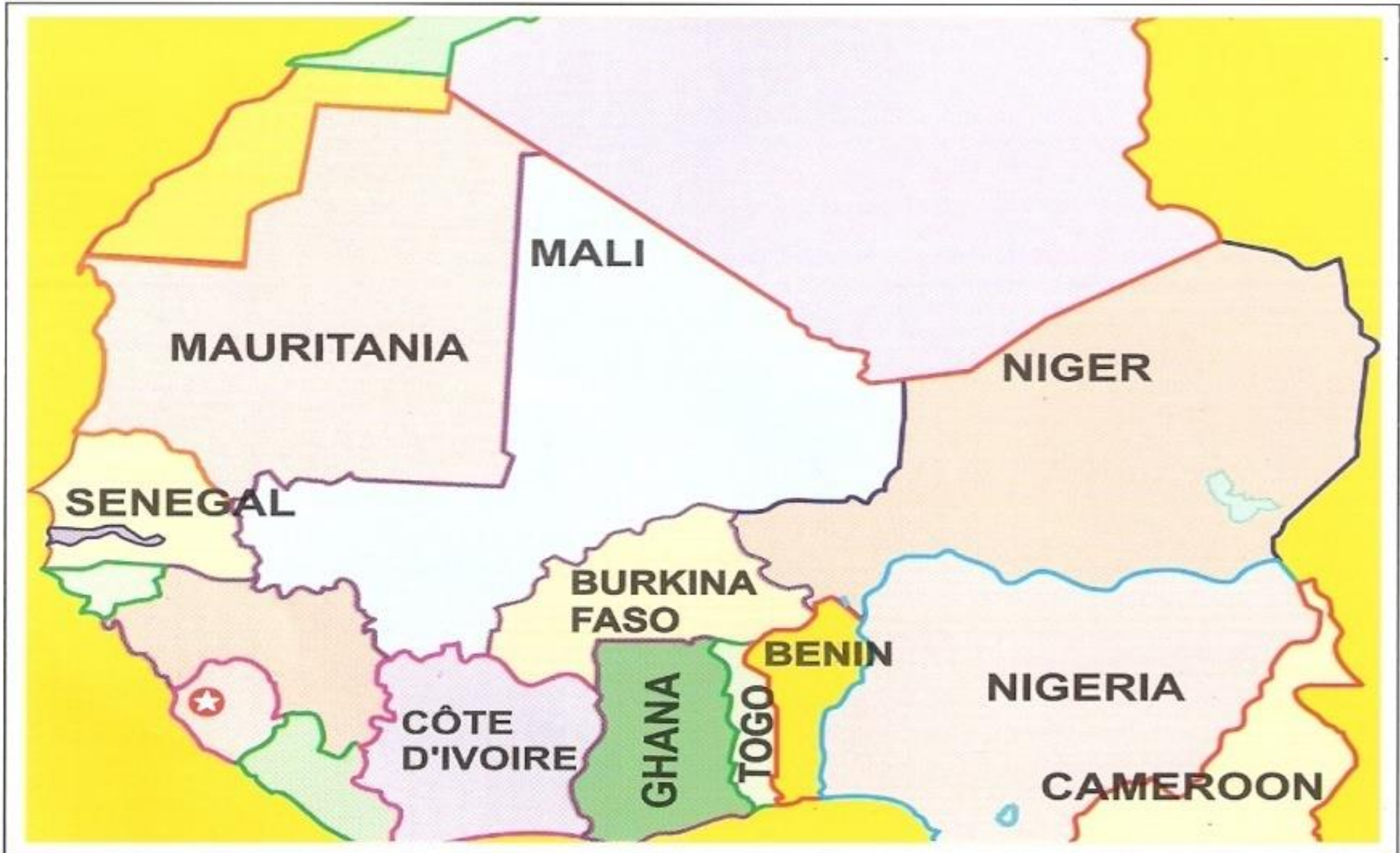
# OUTLINE

- Country Background
- State of Transport Infrastructure in Ghana
- Challenges
- PPP Framework as Policy Option for Infrastructure Financing
- Types of PPP Options for the Sector
- PPP Projects in the Pipeline
- Conclusion

# COUNTRY BACKGROUND

- Ghana is a sub-Saharan coastal nation within West Africa
- Bounded on the south by the Gulf of Guinea, on the north by Burkina Faso, on the east by Togo and on the west by Cote D'Ivoire
- Total land area is 238,540 km<sup>2</sup> and about 536km width, and Accra, a coastal city as the Capital
- Governance by multi-party democracy with a constitution that guarantees freedom and liberties to all persons

# LOCATION OF GHANA WITHIN MAP OF WEST AFRICA





# SIGNIFICANCE OF INFRASTRUCTURE TO ECONOMIC GROWTH

- Infrastructure key to propelling economic growth and sustainable poverty reduction
- World bank estimates that to achieve 7% growth rate to combat poverty, sub-saharan countries need to invest 5% of GDP in infrastructure
- Transport infrastructure investments enhances socio-economic development and is key to economic growth

# CONTRIBUTION OF TRANSPORT TO THE GROWTH OF NATIONAL ECONOMY

- Improvements in transport infrastructure facilitates the movement of people, goods and services from the hinterlands and farming communities to the city centres for consumption and to feed agro-based industries and for export.
- Improved rail infrastructure supports the export of mineral ores through Ghana's Ports and makes our commodities competitive on the world market

# CONTRIBUTION OF TRANSPORT TO THE GROWTH OF NATIONAL ECONOMY

- Transport infrastructure creates opportunities within the transport and logistics supply-chain leading to job creation and poverty reduction



# ROLES OF TRANSPORT SECTOR MINISTRIES

□ The Policy oversight responsibility for the Transport Sector is handled by 2 Ministries

- **MINISTRY OF TRANSPORT**

Has oversight responsibility for all the modes of transport, except road infrastructure

- **MINISTRY OF ROADS & HIGHWAYS**

The Ministry of Roads & Highways has oversight responsibility for the development of road infrastructure in Ghana

# STATE OF TRANSPORT INFRASTRUCTURE IN GHANA

## **Railway Sub-Sector**

- The sector is currently made up of:
  - Ghana Railway Development Authority, which is the Regulatory Authority and asset developer. The Authority was established under the Railway Act 779 of 2008
  - Ghana Railway Company Ltd. is the operator. Government's policy is to allow competition in the provision of rail services

# STATE OF RAIL INFRASTRUCTURE

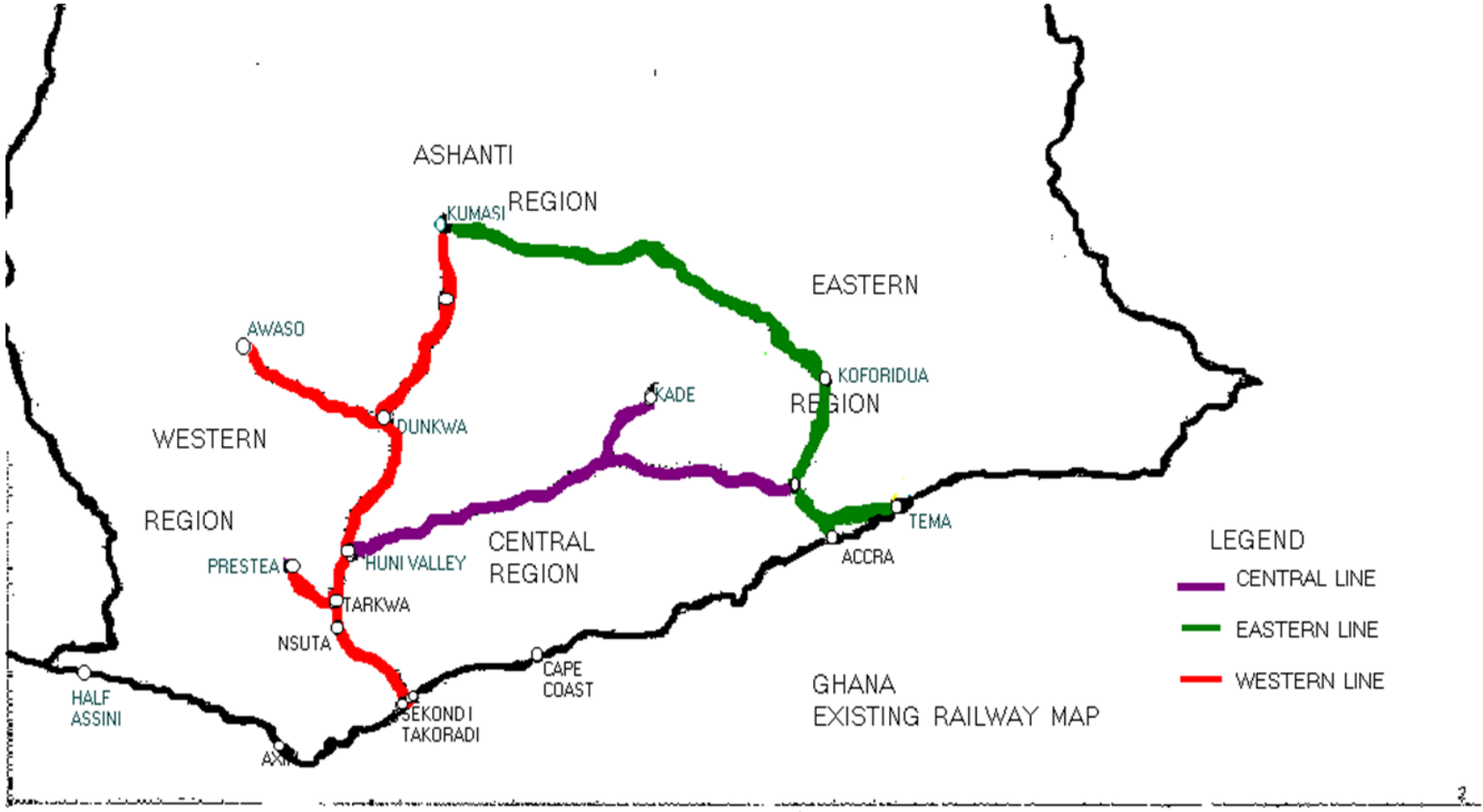
- Rail Infrastructure

- Total route length of 947km(593 Miles)
- Track length of 1,300km (807 Miles)
- Track gauge of 1067 (3ft.6ins) meters with a maximum axle load of 16 tonnes
- Railway Network is divided into 3 main lines with branch lines

Main Lines are;

- Western Line : 406 Km
- Central Line : 237 Km
- Eastern Line : 334 Km
- *Only 133.6km representing 14.1% of the entire network of 947 is currently operational*

# EXISTING RAILWAY NETWORK (MAP)



# WESTERN RAIL LINE

- Western Rail Line
  - Extends from Sekondi-Takoradi in the Western Region to Kumasi in the Ashanti Region with a branch line from Dunkwa to Awaso
  - The Western line is the main stay of the rail network in Ghana
  - It used to haul mineral ores,(Manganese, Bauxite, Timber, Cocoa etc.)from the mining communities to the Port of Takoradi for export

# EASTERN RAIL LINE

- Eastern Rail Line
  - Extends from Accra-Tema in the Greater Accra Region to Kumasi in the Ashanti Region
  - Viability of the proposed Inland Port at Boankra is linked with the reliability of the Eastern Rail Line
  - Mineral deposits like bauxite, limestone, diamond and gold are located along this line.

# CENTRAL RAIL LINE

- Central Line
  - Extends from Kotoku on the Eastern Line to Huni Valley on the Western Line
  - Linked to the Eastern and Western Lines respectively
  - Provides the main link to communities along the line for access to the Greater Accra and Western Region

# CHALLENGES –RAIL INFRASTRUCTURE

- Funding remains key challenge to Rail Transport Infrastructure provision in Ghana
- Obsolete network, operating system & rolling stock
- Poor track infrastructure resulting in the closure of greater part of the Western and Eastern lines and the entire Central line
- High incidence of derailment leading to loss in operational hours and damage to rolling stock
- Due to the very poor condition of the Western Line, haulage of bauxite and manganese are currently by road
  - Resultant Road Accidents and damage to road infrastructure (high road maintenance cost)



# RAIL SECTOR DEVELOPMENT PLANS

## • Short Term to Medium Term

- Master Plan Studies for development of entire railway network almost completed
- Rehabilitation of the Western Rail Line – **US\$1.2 billion**  
(Feasibility Studies completed) **Including Rolling Stock**
- Rehabilitation of Sub-urban Rail Lines
  - Accra-Nsawam - **US\$ 120 million**
  - Takoradi-Kojokrom-Sekondi - **US\$ 165 million**
  - Kumasi-Ejisu - **US\$ 100 million**
- Rehabilitation of locomotives and rolling stock to improve operations - **US\$ 250 million**

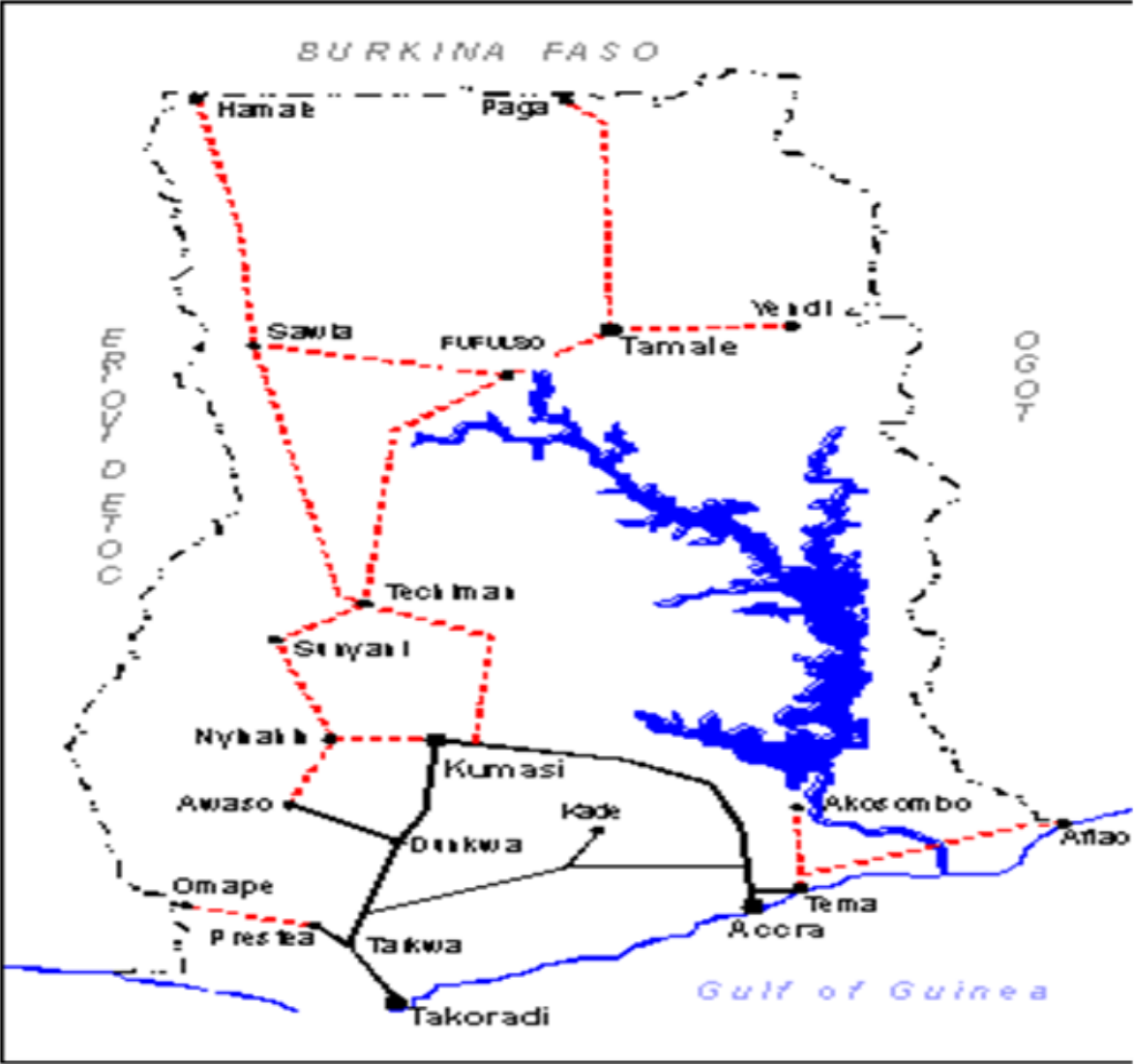
## SHORT TERM TO MEDIUM TERM-CONT' D

- Packaging of the development of the Eastern rail line and the Boankra Inland Port on Build Operate Transfer(BOT) basis
- Feasibility studies for the development of Tram services in Accra metropolis

## MEDIUM TERM TO LONG TERM

- Feasibility studies and the reconstruction of the Central Lines
- Feasibility studies for expansion and construction of the Rail Lines to Northern Ghana
- Construction of Proposed ECOWAS rail line along the Coast from Nigeria to Cote D'Ivoire

# PROPOSED EXPANSION OF RAILWAY NETWORK



# STATE OF TRANSPORT INFRASTRUCTURE IN GHANA CONT..

## **Aviation Sub-sector**

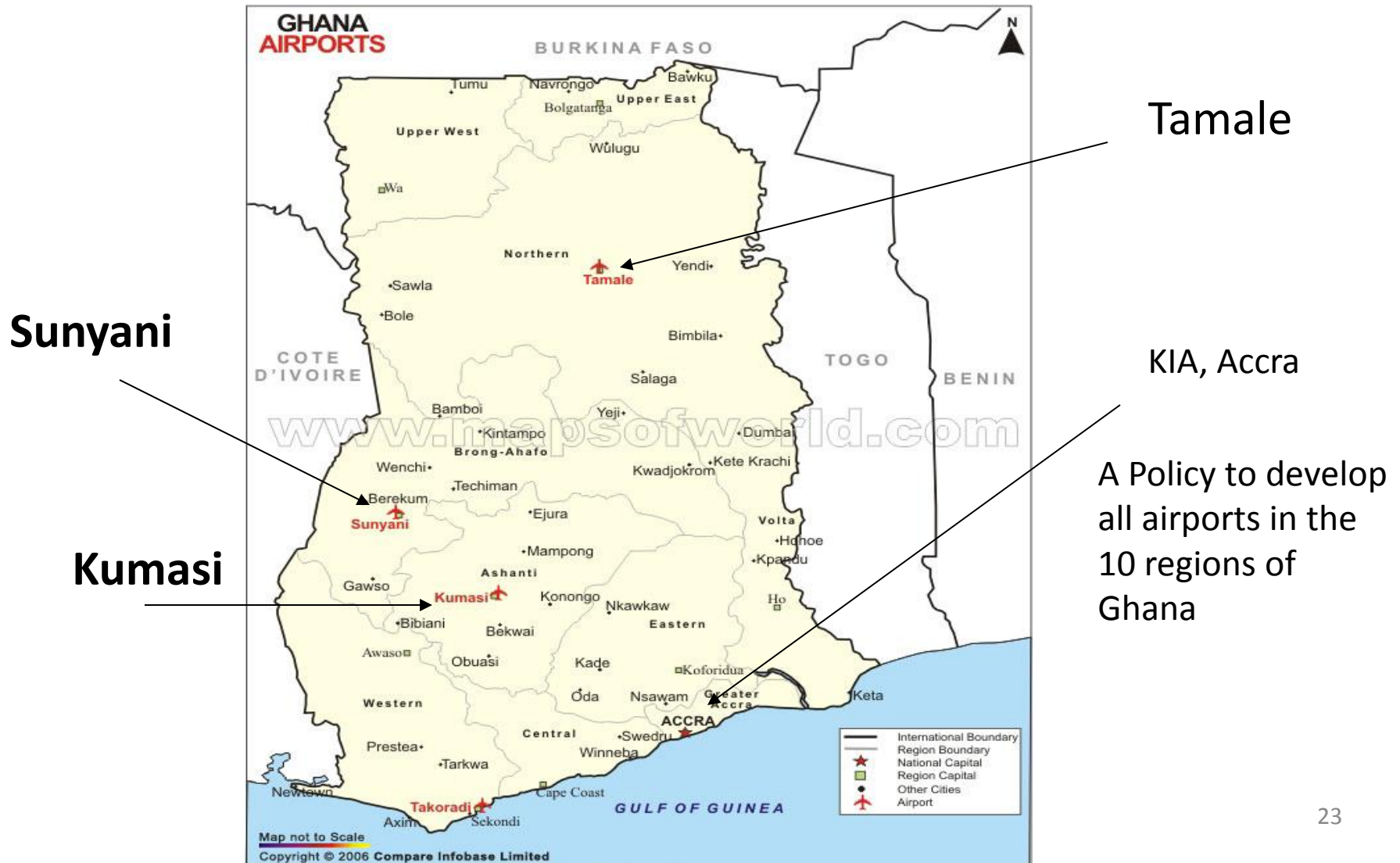
- The Aviation sub-sector is made up of:
  - The Ghana Civil Aviation Authority established in 2004 by Act 678 with the following mandate:
    - Air Transport, Safety and Security Regulation, as well as, Provision of Air Navigation Services
  - The Ghana Airports Co. Ltd. established under the Companies' Code 1963 and commenced business in January, 2007 to:
    - Develop, maintain, manage and secure airports and airstrips in Ghana

# State Of Aviation Infrastructure

## Cont...

- Ghana has the following airports:
  - Kotoka International Airport at Accra
  - Regional Airports
    - Tamale Airport
    - Kumasi Airport
    - Sunyani Airport
    - Takoradi Airport (Military)

# Ghana Airports Location



# THE AIRLINE INDUSTRY

- A total of 41 airlines operate at the KIA
  - 18 international scheduled airlines
  - 10 regional airlines
  - 8 cargo airlines
  - 5 domestic airlines



# AVIATION SECTOR DEVELOPMENT PLAN

## Short - to - Medium Term Programmes

1. KIA Phase III Rehabilitation project
2. Remodelling and expansion of KIA Terminal Building including installation of aero bridges. **US\$ 224 million**
3. Development of landside facilities at KIA to enhance commercial activities
4. Rehabilitation of existing airstrips and Regional Airports including the upgrading of Tamale Airport as an alternate airport to KIA.

# Short - to - Medium Term Programmes contd.....

5. Development of additional cargo handling facilities
6. Restoration of Ghana to FAA Category 1
7. Development of new airports in Accra, Takoradi, Ho and Cape Coast

# State Of Transport Infrastructure In Ghana

## Cont...

### Maritime Sub-sector

- The sub-sector consists of the following Gov't institutions:
  - Ghana Maritime Authority, established under Act 630 of 2002 and charged with the responsibility of :
    - monitoring, regulating and coordinating activities in the maritime transport sub-sector
  - Ghana Shippers' Authority established with a mandate to:
    - promote and protect the interest of importers and exporters (shippers) in Ghana
  - Ghana Ports & Harbours Authority, established in 1986 under PNDC Law 160 with the responsibility:
    - to plan, build, develop, manage, operate and control ports in Ghana

# Maritime Sub-sector Cont....

- Volta Lake Transport Co. Ltd. was set up on February 23, 1970 and incorporated under the Companies Code 1963 (ACT 179) to:
  - operate as public carrier of all forms of water-borne transport, including hovercraft, for persons and/or freight on the Volta Lake
- Tema Shipyard Co. Ltd. commenced operation in December, 1970 to
  - provide dry dock services, repair of vessels and related services.
- Regional Maritime University, a regional tertiary institution owned by the Republics of Cameroon, Gambia, Ghana, Liberia and Sierra Leone:
  - to provide education and training with focus on maritime and related services

# Maritime Sub-Sector Cont..

- Ghana's Port infrastructure consists of:
  - Maritime Ports at Tema and Takoradi;
  - Two Fishing Harbours at Tema and Sekondi; and
  - Dry dock at Tema and a small dry dock and slipway at Takoradi.

# CHALLENGES

- Berth capacity at the Ports is a major physical constraint as it needs to be increased in order to cater for the regular increase in container traffic and reduce double handling of materials
- Depth limitation at the Ports. Current maximum depth is 11.50m is too small to accommodate the increasing size of the container vessels calling in from the sub-region.
- Enforcement of axle loading controls to prevent road damage and to sustain transit traffic to landlocked ECOWAS countries

# Development Plan For The Maritime Sub-sector

- Tema Port Expansion
  - Estimated project cost for first phase is **US\$720m**
    - Dredging of basin and access channel: 16m draft
    - New Container Terminals
    - New Passenger Terminal
    - New Food & Fruit Terminals
    - New RoRo Terminal
    - New Transshipment Terminals
    - New Transit Terminal
    - New Break and Dry Bulk Terminals

# Development Plan For The Maritime Sub-sector

## Cont...

- Takoradi Port Expansion
  - Estimated project cost is **US\$440m**
    - Extension of Breakwater by 1.15km
    - Dredging to 16metres chart datum
    - Dry Bulk handling Jetty for Manganese, Bauxite & Clinker
    - Access Roads: Through Axim Junction and Sekondi Road, Bridge reconstruction.
    - Reclamation and Operational area Pavement works
    - Utility Services: Electrical Power Upgrade, Water and Security Systems
    - Port Signal Tower, Fire & Security Control Facilities



# Development Plan For The Maritime Sub-sector

## Cont...

- Development of Fish Landing Sites
  - Estimated project cost is **US\$230m**
  - A total of 11 landing sites would be constructed at the following locations
    - Axim, Dixcove, Moree, Mumford, Elmina, Winneba, Senya Bereku, Gomoa Fete, James Town, Teshie, Keta

# Development Plan For The Maritime Sub-sector

## Cont...

- Boankra Inland Port
  - Estimated project cost is **US\$250M**
    - Administrative Block completed
    - Installation of utility services (Water, Electricity, Communication) completed
    - Private partnership being sought to invest in Port services facilities at the dry port

# Development Plan For The Maritime Sub-sector

## Cont...

- Upgrading and modernization of the Tema Shipyard into a modern and well equipped facility
  - Refurbishment of the Blasting, Fabrication & Assembly Shops.
  - Replacement of Electrical equipment and distribution necessary for the performance of the works and DWT fabrication activities.
  - Grade Shipyard open areas and quayside in accordance with the acceptable standards.
  - Undertake major equipment replacement necessary for the performance of the Works and DWT fabrication activities.
  - Overhaul and upgrade of Electrical start-up equipment and hand tools

# Development Plan For The Maritime Sub-sector

## Cont...

- Eastern Corridor Multi-Modal Transport for VLTC
  - Estimated project cost is **US\$470m**
    - Major upgrade and development of Ports infrastructure at Akosombo and Buipe or Yapei to handle containers
    - Development of 18 ferry landing sites
    - Upgrading of 7 existing vessels and procurement of 8 new vessels and equipment
    - Promotion of local boat building industry
    - upgrading of 700km of feeder roads to selected ferry stations on Volta Lake

# **PUBLIC PRIVATE PARTNERSHIP (PPP) FRAMEWORK AS POLICY OPTION FOR INFRASTRUCTURE FINANCING**

- Public Private Partnerships have become the preferred vehicle by which most Governments in both developed and developing Countries get critically needed socio-economic infrastructure constructed
- The PPP model has become the logical, viable and preferred policy option for partnership arrangement to bring public and private sector investment for infrastructure development

# **PUBLIC PRIVATE PARTNERSHIP (PPP) FRAMEWORK AS POLICY OPTION FOR INFRASTRUCTURE FINANCING**

- Government is committed to the policy and has consequently developed a PPP Policy Framework to guide private sector investments in infrastructure Projects
- Government's objective for the Transport Sector under the National Transport Policy is to create an enabling environment to attract the private sector to invest in the provision of Transport infrastructure and services

# TYPES OF PPP OPTIONS FOR THE SECTOR

- **Build, Operate & Transfer (BOT) of Build, Transfer & Operate (BTO)**
  - The private partner builds the facility to the specifications agreed to by Gov't, operates the facility for a specified period under a contract or franchise agreement and then transfers the facility to Gov't at the end of the specified period
- **Buy, Build & Operate (BBO)**
  - This is a form of asset sale that includes a rehabilitation or expansion of an existing facility.

# TYPES OF PPP OPTIONS FOR THE SECTOR

- Design, Build & Operate (DBO)
  - A single contract is awarded for the design, construction and operation of a capital improvement. Title to the facility remains with the public sector
- Lease, Develop & Operate (LDO) or Build, Develop & Operate (BDO)
  - The private party manages through a lease or concession of an existing public sector facility.



# SOME POTENTIAL TRANSPORT SECTOR PROJECTS REQUIRING FINANCING UNDER PPP OPTIONS

- In the case of Railways:
  - Reconstruction of the Western Railway Line from Takoradi to Kumasi with a branch line from Dunkwa to Awaso to support the haulage of Bauxite, Manganese, Cocoa, Timber and other freight
  - Reconstruction of Eastern Railway Line from Accra to Kumasi as well as the Central Railway Line from Huni Valley to Kotoku
  - Development of sub-urban rail services; Accra – Nsawam, Takoradi – Sekondi, Kumasi – Ejisu.
  - Expansion of the rail network from Tema to Akosombo to integrate with the Volta Lake in providing multi-modal transport services to the Northern part of Ghana

# **SOME POTENTIAL TRANSPORT SECTOR PROJECTS REQUIRING FINANCING UNDER PPP OPTIONS**

- In the case of Ports:
  - Expansion of the Takoradi Port to support the oil & gas industry
  - Expansion and deepening of berths at the Tema Port
  - Improvement of extra facilities at the Sekondi Fishing Harbour including Cold Store facilities
  - Development of the Boankra Inland Port near Kumasi
  - Upgrading and modernization of the Tema Shipyard into a modern well equipped facility
  - Improvement in facilities and operations for the Volta Lake Transport

# **SOME POTENTIAL TRANSPORT SECTOR PROJECTS REQUIRING FINANCING UNDER PPP OPTIONS**

- In the case of Aviation:
  - Remodeling and modernization of the current Terminal Building at KIA to cater for the increasing passenger throughput
  - Development of the landside at KIA to enhance commercial activities to make it a one stop shop for aviation services
  - Upgrading and expansion of the Tamale Airport to serve as an alternate to KIA and well as other Regional Airports to cater for the increasing traffic and also serve the oil & gas industry
  - Provision of additional cargo handling facilities to meet the demands of cargo increases

# **SOME POTENTIAL TRANSPORT SECTOR PROJECTS REQUIRING FINANCING UNDER PPP OPTIONS**

- In the case of Road Transport Services:
  - Acquisition of large capacity buses for inter-city and intra-city passenger services

# PPP PROJECTS IN THE PIPELINE

## 1. DEVELOPMENT OF THE EASTERN RAILWAY & THE BOANKRA INLAND PORT IN KUMASI

- Procurement process has been followed for the engagement of a Transaction Adviser (TA)
- Contract signed with the TA, M/S PWC on .....
- TA assignment has began the assignment with the submission of Inception Report on.....

### Objective

To develop the Eastern Railway Line and Boankra Inland Port through PPP to facilitate trade and ease congestion at the ports.

### Scope of work for TA

- Review prefeasibility studies to full feasibility studies
- Undertake Financial and Economic models
- Review Environmental Issues
- Undertake Risks and viability analysis
- Review legal and labour issues
- Develop PPP options for the project
- Prepare bidding documents, procure a strategic investor and negotiate for financial closure

# PPP PROJECTS IN THE PIPELINE

## 2. ESTABLISHMENT OF AN AIRLINE

- Procurement process has been followed for the engagement of a Transaction Adviser (TA)
- World Bank no objection has been obtained for Contract to be signed with the TA, M/S PWC

### ❑ Objective

To set a national airline through PPP for international, regional and local operations.

### ❑ Scope of Work

- Review the aviation industry and develop a business plan for the airline operation.
- Undertake Financial and Economic models
- Undertake Risks and viability analysis
- Review legal and labour issues
- Develop PPP options for the project
- Prepare bidding documents, procure a strategic investor and negotiate for financial closure

# PPP PROJECTS IN THE PIPELINE

## 3. TEMA SHIPYARD AND DRYDOCK

- Procurement process has been followed for the engagement of a Transaction Adviser (TA)

- Work by the TA, AB David Law/Kwame Asante and Partners is on-going

- ☐ **Objective**

  - To find a strategic investor to partner government for the development and management of the facility

- ☐ **Scope of Work**

  - Review the state of the shipyard and develop a business plan for its development and operation.

  - Undertake Financial and Economic models

  - Undertake Risks and viability analysis

  - Review legal and labour issues

  - Develop PPP options for the project

  - Prepare bidding documents, procure a strategic investor and negotiate for financial closure

# PPP PROJECTS IN THE PIPELINE

## 4. DEVELOPMENT OF TAKORADI LOGISTICS PLATFORM

- PPP arrangement has been negotiated and engaged by Ghana Shippers' Authority and a Private Sector on 40:60 sharing arrangement

### Objective

To provide logistic services for the oil and gas industry

### Scope of Work

- The construction of the logistics platform is currently on-going in Takoradi



# ON-GOING PPP PROJECTS

- **MERIDIAN PORT SERVICES (MPS)**

## **DEVELOPMENT OF TAKORADI LOGISTIC PLATFORM**

- PPP arrangement has been negotiated and engaged by Ghana Ports and Harbours Authority and a Private Sector Investors on 30:70 sharing arrangement

### **Objective**

To improve on container handling and management at the Port of Tema

### **Benefits So Far**

- Container handling and management at the port has improved.
- Congestion at the Port terminal has reduced.
- Ship turn around has also improved.

# GOVERNMENT STRATEGIES FOR SUSTAINING PPPs

- Gov't through the Ministry of Finance is providing political leadership in establishing PPP programmes/projects
- Good governance and accountability are ensured by Gov't.
- Gov't has provided clear policies, guidelines, strategies that engenders transparent procurement/bidding process that ensure value for money
- Legal and regulatory framework developed to protect and provide assurances to both the public and private investors.
- Gov't is building capacity, especially, in MDAs to support and manage PPP programmes and projects

# CONCLUSION

- Government of Ghana sees the Private sector as partners for Economic development.
- The vision of the Ministry is to attract Private Sector Partners for most of our infrastructure projects and programmes
- Therefore I wish to use this opportunity to extend an open invitation to the investor community to explore opportunities for investments and cooperation in the Transport Sector

**THANK YOU!**